Spy versus Spy

In the third in our series of monthly sales clinics, Kevin McGirl, co-founder of sales-i, warns that complacency in customer management can cost salespeople dearly…

Sales Clinic Part 3

It's so easy to become complacent about regular customers. Relying on their inertia, we assume that this is our foundation business – the client base that will just tick over nicely, thank you very much, if we just leave it alone to do its thing. Thanks to these stalwart customers, we can focus our time, energy and creativity warming up new leads, clinching new deals, and generally spreading our presence in the market.

Okay, so the odd client will need some molly-coddling from time to time – a bit of special attention, perhaps a nice lunch – just to ensure they aren't seduced by a competitor, but by and large we expect to be able to count on this loyal customer base for a comfortable level of revenue over the long term.

Most sales people are well aware of the laws of selling, too – that it costs something like eight times as much to lure a new client, as it does to maintain an existing one. This doesn't stop many from resting on their laurels, however.

Even those who pride themselves on being able to name every one of their 300 customers, and recall the car they drive and how many children they have, will admit that they may not be spotting subtle changes in purchasing behaviour that should really ring alarm bells.

Chris Murphy is founder and MD of Murcom and explains, "With such a large customer base and a considerable product range it is difficult to get detailed visibility of the buying patterns of each customer. So to identify reduced spend, missed sales opportunities or to spot gaps in business is quite a juggling act."

For example, could you, hand on heart, swear that your regular consumables customers are still buying toner at the same level they were a year ago, two years ago, six months ago? A quick check of the sales figures might show that their last order was higher than usual, but what if this was the result of a one-off purchase (a new boardroom table, perhaps), while all the while sales of toner have dwindled or dropped off altogether, in favour of cheaper pricing discovered elsewhere?

Making blind assumptions is not only lazy; it's dangerous. By the time you realise defection to a rival is underway, it may be too late to recover the relationship. Perhaps a competitor has been watching the account from afar, waiting to swoop with better deals and more attentive customer service. Maybe the customer's heart and loyalty already belong to another.

Regardless of client volumes and time pressures, sales people must be more strategic in the way they approach customer relationships, and make themselves more aware of and responsive to the different stages of the account lifecycle.

Keep in mind the four distinct stages of a customer relationship, and be aware of the differing tactics that can shape customer behaviour as they pass from one phase to another:

1. The new prospect

While you might assume that a brand new customer can't be analysed for buying behaviour, because you have no data on them yet, it's still possible to profile them and project what their buying patterns might become, based on your experience of similar-sized businesses with similar needs. This will enable you to make intelligent, informed assumptions, and to modify your sales approach accordingly, to derive the most from the account.

2. The honeymoon period

The early days after having lured a client from a rival supplier are a critical time, when the sales person must strive to ensure that a full and lasting relationship develops, rather than a meaningless one–night-stand where the passion invested comes to nothing.

3. The established customer

Rather than relax once a customer is hooked, this is the time to grow your coverage within the account, taking an even greater share of their business away from rivals, while increasing the revenue (and hopefully margin) within the client. This means protecting the account, ensuring the best possible profit, then link- and cross-selling other products, going deep and wide within the account - which has the added benefit of spreading your risk.

4. The lapsing or lost customer

Always be vigilant about any chance that you might be losing ground to rivals within an account. Spotted early, an errant account can be won back, with the right attention and focus. During this sensitive phase, beware of bombarding the client with inappropriate sales collateral – be targeted, be clever, with tailored promotions and discounts.

The alternative to all of this is to apply the goldfish mentality that too many sales people fall back on – many without realising it. (Every time they swim round the bowl, it might as well be a new bowl.)

When you're dealing with hundreds of thousands of products, and several hundred customers buying in volume, subtle changes are hard to spot – until it's too late. You have two choices in how you attack this problem: with a shotgun or a sniper's rifle. I know which I'd choose…

To minimise customer churn and ensure that apparent growth within your loyal accounts is real and healthy, and doesn't disguise a problem that might come back to haunt you later, be sure to keep a close eye on all of your client relationships – the solid ones as well as the more shaky accounts. Keep on top of your client base, and your customers' behaviour will stay within your control; take a latchkey approach and take the risk that they'll embrace the freedom and seek out greener fields.

YOUR FEEDBACK IS WELCOME!

Do keep your questions coming! In forthcoming clinics, I'll be exploring how to gain a greater share of the customer wallet and the economics of customer retention. To comment on these issues or any points raised in the clinic above, please contact me at kmcgirl@sales-i.com.

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